

TAAL Distributed Information Technologies Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS For the three months ended March 31, 2020

Date of Report: June 17, 2020

The following management's discussion and analysis ("**MD&A**") for TAAL Distributed Information Technologies Inc. ("**TAAL**" or the "**Company**") should be read together with the accompanying unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2020, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Readers should also refer to the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2019, and the annual MD&A for the year ended December 31, 2019. All amounts are stated in Canadian dollars unless otherwise indicated.

In this MD&A, unless the context requires otherwise, all references to "we", "us", "our", "TAAL", and the "Company" refer to TAAL Distributed Information Technologies Inc., including its subsidiaries, and all references to "Management" refer to the directors and executive officers of the Company.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes certain statements that may be deemed forward-looking statements and information, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**") and relate to the Company's future performance or to future events. All statements other than statements of historical fact are forward-looking statements, including statements with respect to the effects of the COVID-19 pandemic, development of advanced blockchain transactional systems and the Bitcoin SV platform, TAAL's expectations with respect to the future of transaction processing and TAAL's strategic vision and related objectives.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "intends", "aims", "anticipates", "will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements, by their very nature, are subject to numerous risks and uncertainties, some of which are beyond the Company's control, and are not guarantees of future performance. Forward-looking statements and information are based on the opinions and estimates of Management at the date the statements are made, as well as a number of assumptions made by, and information currently available to, the Company, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include factors discussed in the sections "Cautionary Statement Regarding Forward-Looking Information"

in disclosure made by the Company and "Risk Factors" and elsewhere in the Form 2A Listing Statement, dated July 31, 2018 filed with the Canadian Securities Exchange available for review on SEDAR. To the extent any forward-looking statements in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. The Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances other than as required by applicable laws.

Readers are cautioned that any such forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Defined Terms

As a dynamic industry, the blockchain and Digital Assets industry is constantly evolving, and nowhere is this more evident than in the rapidly changing lexicon of words used to describe the many activities, products, services and technology associated with it. For convenience, we have put together the following list of defined terms that are used throughout this document, and have the following meanings:

Term	Definition
Blockchain Infrastructure	A general term for Hashing Equipment, which run Hashing operations on a SHA (Secure Hash Algorithm)-256 based blockchain network for the purpose of earning Block Rewards.
Block Rewards	The rewards on the Bitcoin network obtained for Proof-of-Work, which are comprised of: (i) Transaction Fees; and (ii) a Block Subsidy.
Block Subsidy	A Block Subsidy refers to the newly minted Digital Assets that are one of the two parts of a Block Reward that result from successfully building a block in process of Hashing.
Digital Assets	We use the term Digital Assets to mean the digital coins or tokens that form the Block Subsidy of Hashing. Bitcoin SV (BSV) is an example of a Digital Asset.
Digital Asset Mining	Digital Asset Mining refers to Hashing operators whose business activity is primarily focused on acquiring Block Subsidies, as distinct from businesses that are focused on earning Transaction Fees and providing value-added services on the blockchain.
Digital Asset Mining Pool	To reduce payout variance of Block Rewards, Digital Asset Mining operators can organize themselves into integrated Digital Asset Mining Pools to combine their Hashrate over a network in an effort to build blocks collectively. When successful, the Hashrate contributors to the "pool" split the Block Subsidies, less a pooling fee, proportionate to each Hashrate contributor's share of Hashrate. As such, instead of infrequent larger, single payouts for solving a single block on their own, such pooling of Hashrate, in theory, provides participating Hashrate

	contributors with smaller, more frequent payouts, resulting in a higher and more stable income stream.
Halving	An event built into the source code of the Bitcoin SV (BSV) blockchain, and other bitcoin derived systems such as the Bitcoin Core and Bitcoin Cash blockchains, which divides the rewarding of Block Subsidies in newly minted Digital Assets in half and is programmed to occur at the creation of every 210,000 th new block, or approximately every four years. The third Halving Event occurred on April 10, 2020 for the Blockchain SV (BSV) blockchain and occurred on April 8, 2020 and May 11, 2020 for the Bitcoin Cash and Bitcoin Core blockchains, respectively.
Hashrate	We use this term to refer to the computational processing power measured in hash/second when running SHA-256 operations, which is analogous to FLOPS (floating point operations per second) and is indicative of the amount of capital expended on Blockchain Infrastructure to support the blockchain network.
Hashing	A general term we use to refer to the cryptographic computing operation of Hashing Equipment on SHA-256 based blockchains, for which Proof-of-Work, Block Rewards are earned in the form of Block Subsidies and Transaction Fees.
Hashing Rig	Specialized ASIC (application-specific integrated circuit) computers that are optimized for Hashrate capacity to execute secure hashing algorithms that result in Block Rewards. Other commonly used terms for Hashing Rigs are "mining rigs," "mining servers," "transaction processing equipment," and sometimes, erroneously, as "cloud computers."
Hashing Equipment	Hashing Rigs and their associated infrastructure (such as blockchain node servers).
Network Nodes	Network nodes in bitcoin blockchains refer to nodes that contribute to building blocks or extending the blockchain. Not what is commonly called "full nodes," which are simply validating nodes, but do not participate in the activity of building blocks.
Proof-of-Work	Proof-of-Work is the consensus algorithm used in the bitcoin blockchain networks and is an attestation of the amount of energy spent in the production of hash. This algorithm confirms transactions and results in the creation of a new block to add to the blockchain.
Transaction Fees	Transaction Fees refer to those fees generated from processing and verifying transactions and are claimed by the Transaction Processing entity that created the block. They can be earned as part of the transactions themselves or directly via processing contracts.
Transaction Processing	The process of validating transactions and time stamping them by sequencing them into blocks, which are then published and added to and thereby extending the associated blockchain. As remuneration for so doing, the Transaction Processing operator is paid a Transaction Fee as

	described above. We are graduating to this term to describe our Hashing activity as we are no longer focused solely on Block Subsidies.
Zero-Confirmation Transaction	Also sometimes referred to a zero-conf or expressed as 0-conf, these are transactions that have yet to be confirmed and verified in a block. Such 0-conf transactions expose the counterparties to possible double spend risk.

Additionally, the Company presents certain non-IFRS (“**IFRS**” refers to International Financial Reporting Standards) financial measures to assist readers in understanding the Company’s performance. For additional definitions please see the section Non-IFRS Financial Measures, below.

OVERVIEW

TAAL is a vertically integrated blockchain technology company. We are engaged in the management of professional-grade, highly scalable Blockchain Infrastructure upon which we will deliver value-added services to support and enable businesses building customized blockchain-based solutions and applications for enterprise clients. We will drive revenue by granting access to and utilization of a variety of proprietary products, platforms, licenses and services, and intend to continue to add to these product offerings. In order to deliver on these initiatives, we require a blockchain network that supports limitless scalability, unbounded transactional volume, and profits earned by those that process the most transactions, not operations with the highest Hashrate. We believe that blockchain is the one supported by the Bitcoin SV (BSV) network, and TAAL will focus its attention and resources on this protocol.

Interim MD&A – Quarterly Highlights

TAAL entered 2020 well capitalized, following our first year of revenues driven primarily by Digital Asset Mining operations, and with a plan for our transition to a Transaction Processing-based business model. Management committed to this transition in recognition of the considerable challenges Management expects the industry will face in 2020, not least of which is the uncertainty surrounding the seminal bitcoin Halving event (see section below—About the Halving). Additionally, the unexpected pandemic caused by the 2019 novel coronavirus disease (“**COVID-19**”) has made for an even more precarious market environment for our industry. Since the recent Halving event, we have seen how a reduction in Block Subsidies impacts businesses that have gambled solely on a market appreciation of Digital Assets, which has not materialized. Even if the market price of Digital Assets increases significantly in the coming months, for many such businesses, the benefit is likely to be too little and too late.

In May, Management announced its strategic vision (the “**Strategic Vision**”), outlined by newly appointed CEO, Jerry D. Chan, and his management team (see section below – Our Strategic Vision). The Strategic Vision provides details of how we plan to position ourselves as a world-class industry leader and innovator, by taking a long-term view of the potential of blockchain technology and committing to a new business model based on Transaction Processing services. Accordingly, we will explore making strategic hires and acquisitions of key businesses that we believe will survive the transition to this new business model. A number of recent announcements (see section below—Recent Developments)

highlight our accomplishments delivering on this Strategic Vision, including the two record-size blocks we processed in May. Confirmation of a 309-megabyte (MB) block followed only days later by the confirmation of an even larger 369-MB block demonstrate the scale and capacity of the Bitcoin SV (BSV) network and the potential of the Transaction Processing business model.

Responding to COVID-19:

The health and well-being of our employees and their families, and that of those in the communities in which we live and work, are of paramount importance to us. As such, we have implemented a remote work policy since late February 2020, in advance of the World Health Organisation issuing its pandemic warning in March 2020 of COVID-19. We have also implemented a global travel freeze for all our employees, which has delayed certain organisational moves that we had planned to expedite and improve internal communications, including the relocation of our CEO and CFO. Despite these restrictions, at our core is a culture of problem-solving and our approach to COVID-19 has been no different, requiring adjustments for time zones to improve communications both internally and with our clients, customers and prospects. As a result, despite the effect on global financial markets and logistical supply chains, we have had minimal disruption to our business, and as we transition away from market-exposed Digital Assets, we hope to further insulate our results from such external effects.

Financial Highlights:

Highlights from the three months ended March 31, 2020; as all active revenue generating activities commenced after March 31, 2019, no relevant comparative information is available:

- Gross revenue of \$5,968,504.
 - Revenue from Digital Asset Mining was \$4,212,525 with site operating costs of \$4,457,943, , which reflects a decline in the market price of Digital Assets in line with the global effect of the COVID-19 pandemic on many industries.
 - Revenue from Fleet Management Services was \$1,630,602 in fees from the Management Services Agreement (defined below) pursuant to which we maintain and manage third-party Hashing Equipment.
 - Revenue from Software Development and Licensing was \$125,377 from licensing our TAAL Orchestrator software.
- Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of \$(16,138) as compared to \$(923,590) for the comparable period in 2019, which is calculated by adjusting EBITDA to exclude share-based payments, fair value gains (losses) on re-measurement of Digital Assets, gains (losses) on foreign exchange, and costs associated with one-time transactions (see details below).
- Operating Expenses totaling \$594,497 as compared to \$981,287 for the comparable period in 2019. The decrease in expenses is largely attributable to a gain in foreign exchange of \$1,104,465, which offset increases in selling, general and administrative expenses.
- Net loss of \$840,410 as compared to a net loss of \$1,031,777 for the comparable period in 2019.

- Working capital of \$17,174,288 as of March 31, 2020, providing liquidity for at least the next twelve months.

Business Analysis

Our existing business is divided along the following general revenue lines:

- Digital Asset Mining, in which we operate Blockchain Infrastructure principally for Block Rewards;
- Fleet Management Services, in which we manage for a fee, a fleet of Hashing Rigs placed with third-party hosting service providers; and
- Software/Hardware Development and Licensing, in which we develop new software and hardware and earn fees for the use of these licenses and revenue from the sale of the products. As we transition to a Transaction Processing oriented business, we expect to see increased growth in this revenue line.

Digital Asset Mining:

Our Digital Asset Mining commenced operation on May 1, 2019 as a result of the acquisition (the "**Freschette Transaction**") of all of the issued and outstanding shares of Freschette Limited ("**Freschette**"), previously owned by Calvin Ayre ("**Mr. Ayre**"). Freschette is a corporation formed under the *International Business Companies Act*, Cap. 222 of the laws of Antigua and Barbuda, which owns Hashing Equipment in the Republic of Kazakhstan, representing 270 petahash per second (PH/s) of Hashrate. We took the strategic decision to put a moratorium on the Digital Asset Mining business segment as of May 8, 2020 in advance of the uncertainty and potential opportunities the Halving may represent, including possible acquisitions to supplement Hashing operations. Management continues to actively monitor the situation.

Fleet Management Services:

On November 8, 2019 the Company's subsidiary, TAAL Technologies SEZC (the "**TAAL Tech**"), entered into a management services agreement (the "**Management Services Agreement**") with Bigfoot Holdings Group Ltd. ("**CoinGeek**"), an affiliate of Mr. Ayre, to provide it and certain of its affiliates with turn-key management and oversight over globally-owned Blockchain Infrastructure totaling over 200,000 Hashing Rigs representing a Hashrate of approximately 3 exahash.

Software Development and Licensing:

Through TAAL Tech, we also entered into a license agreement with CoinGeek (the "**Orchestrator License Agreement**"), for the use by it and its affiliates of our proprietary custom software solution used for Hashing Equipment fleet management called TAAL Orchestrator ("**TAAL Orchestrator**"). TAAL Orchestrator conducts and coordinates Digital Asset Mining Pools of Hashing Rigs providing full visibility and transparency to end-users to track performance and performs other functions previously unavailable to industry participants. In consideration of acquiring the original source code used for TAAL Orchestrator, we will pay \$2,860,258 to a development firm, in four installments over the eighteen months from the effective date of the license, June 1, 2019. As of the date of this MD&A, we have completed

three of the four payments due to the developer, with only the final payment of \$639,764 due to be paid September 2020. In collaboration with leading U.K. blockchain research and development firm nChain Limited, a subsidiary of nChain Holding Group Ltd. (“nChain”), we have enhanced this software solution to create operational performance optimization, efficiencies and internal controls over our and our client’s Digital Asset Mining operations.

In the future, we intend to expand our services by exploiting the extensive portfolio of filed and pending intellectual property that we acquired access to through the IP Licensing Agreement with nChain (see section below—Strategic Partners). This portfolio is essential to realizing our Strategic Vision of building an organization based on Transaction Processing fees for Bitcoin SV (BSV) and its blockchain network. While a significant advantage of this arrangement with nChain is collaboration and sharing of resources, including senior technical software engineers, we are in discussions with a number of new hire candidates, and are also exploring several potential acquisitions or partnership targets we believe will give us an even greater advantage in further development of these and other innovative products.

Industry Trends

The blockchain and Digital Assets industry is highly competitive and characterized by frequent and constant change, including in business models and technologies, as demonstrated by the Halving events (see below). Every dynamic shift in the development of the Bitcoin SV (BSV) blockchain is an opportunity to discover, develop, and explore new technologies, ideas, product, and applications that may further transform our industry and our business. At TAAL, we endeavor to push the boundaries of what is possible in our industry through new business and technology development initiatives, which are constantly innovating, and identifying challenges and opportunities to meet market and client demands.

About the Halving:

The greatest challenge to face Management in fiscal year 2020 was the so-called Halving. This year, we passed the third network-wide Halving event in the development of the Bitcoin blockchain network, which takes place approximately every four-years, or, to be more precise, every 210,000 blocks. Upon each Halving, the Block Subsidy component of the Block Reward is reduced by half. For the Halving in 2020, therefore, the Block Subsidy declined from its current 12.5 coins to 6.25 coins per block successfully processed on the Bitcoin SV (BSV) network on April 10, 2020, and on the Bitcoin Core (BTC) network on May 11, 2020. This process will end when the total supply of 21 million coins is awarded in each network, which, at the current pace of Hashing, is predicted to occur around the year 2140. Realistically, however in economic terms the Block Subsidies will cease to be material around 2040 due to the long tail that is structured into the Block Rewards (assuming the price of Digital Assets does not keep pace with the Halving schedule, *i.e.*, does not double in economic value at each event, thus resulting in a point where the value of the Block Subsidy is small enough to be economically irrelevant).

The cutting in half of the Block Subsidy presents a critical challenge for operators in the Digital Asset Mining space, and many operations will likely not be profitable and may be forced to suspend operations or face other consequences to their business model in the near future. If enough Digital Asset Mining operators suspend operations causing fewer or no additional blocks to be added to the blockchain network on which those specific Digital Assets are built, this may result in cessation of the confirmation of new transactions and some blockchain networks may stall and no longer remain relevant. As the rewards dwindle to zero in the decades ahead, if not this most recent Halving, then a future Halving event

could potentially destabilize the security of a blockchain network due to the lack of underlying economic incentives.

Unlike those who have based their business model in reliance on the Block Subsidy portion of Blockchain Rewards and by extension, a constant doubling in value of the Digital Assets to compensate for the high fixed costs of hardware and operational overhead, we are already adjusting and preparing for the paradigm shift to Transaction Processing and a value-added service business model. Historically, the Blockchain Infrastructure operating business has been a race to own the highest Hashrate so that operational profit from the Block Subsidy can be maximized. Going forward we believe that the volume of Transaction Processing on the network will take on greater importance, as the economic dominance of the Block Subsidy will wane due to increased competition and scarcity. Companies that can offer the best, most efficient, and innovative services to support Transaction Processing are more likely to succeed than companies that just rely on having the highest Hashrate.

Despite the deleterious effect the Halving is expected to have on the profitability of Digital Asset Mining operations, such speculative operations are likely to continue for some time. We believe, however, that companies that reposition as Transaction Processing operators on reliable infrastructure, which provide value-added services for the industry, will not need to engage in such a risky operation as a material part of their businesses. Of course, we cannot be certain of the future price of Bitcoin, but if the price increases following the last two Halvings are predictive, the price may once again double and save Digital Asset Mining operators who have bet their business on further market appreciation. Since the most recent Halving, however, the price of Bitcoin has not increased, and has been range bound. The effects of the precipitous drop in Block Subsidies is beginning to show in the markets with several Digital Asset Mining operators making market announcements of significant losses in the current and foreseeable fiscal periods. Whatever the outcome, we are positioned to take advantage of either scenario and intend, at any rate, to continue to diversify our business model away from the more speculative part of the Block Rewards.

COVID-19:

COVID-19 has had a wide-spread and rapid effect on industries across the globe and ours is no different: from the effect on financial markets that was reflected in a drop in Digital Asset prices, to the disruption of supply chains, which has affected logistics schedules and delivery of equipment. Within this evolving and fluid situation, we cannot be sure when we will be able to resume normal operations, but to date we have been able to offset these set-backs with only minimal inconvenience to our employees, customers, partners, suppliers and communities, and have had very little effect on productivity. We cannot say that this will be the case if this condition persists, or if this unpredictable situation deteriorates further.

The price of Bitcoin SV (BSV) fell to a low of US\$88.07 on March 13, following the WHO characterizing COVID-19 as a pandemic on March 11. Bitcoin SV (BSV) had an opening price on January 1, 2020 of US\$97.08 and a high of US\$441.20 on January 14, 2020, as quoted on coinmarketcap.com. This decrease in market price has affected our revenue and is indicative of the unpredictable nature of Digital Asset Mining operations. Markets have recovered somewhat, reaching another peak of US\$226.78 on April 30, 2020 and having an average closing price of US\$197 for the month of May 2020. Irrespective of the COVID-19 pandemic, we have been transitioning away from a reliance on this highly unpredictable

asset class. We are currently exploring treasury services to reduce our market exposure and stabilize our Digital Asset valuation.

Our Strategic Vision

Those who understand the Bitcoin Hashing protocol know that the Block Subsidy was programmed to disappear. It stands to reason, therefore, that if we, as a Transaction Processing operator (a term that we are graduating to, as we are no longer just 'miners' of Digital Assets), are to have a sustainable business in the long-term, we need to change our business to rely less on the Block Subsidies, and build value-added services focused on Transaction Processing. The value of a blockchain is only realized when used at scale, and the business of Transaction Processing (building blocks) on a blockchain is only sustainable if a constant and massive daily flow of transactions to be processed exists, which will make relying on the network coded Block Subsidy unnecessary.

The year 2020 may mark the inflection point at which Digital Asset prices no longer cover the cost of Hashing, and where building blocks for Transaction Processing and value-added services will become the new source of income. As such, we are already focused on developing a fiat-based revenue and business channel dedicated to the custom processes of blockchain transactions for enterprise clients building upon the Bitcoin SV (BSV) blockchain. In this new regime of Transaction Processing, the markets will likely evolve to one where the Digital Asset price is based on use rather than speculative trading. Further, the increasing trend for blockchain data storage may open up new potential revenue streams for Blockchain Infrastructure companies capable of providing data storage and retrieval embedded in blockchain transactions and will become a service for which we will see an increase in demand.

Management believes that the Company is well positioned to be a leader in this transformation of Blockchain Infrastructure companies from market speculators to Transaction Processing operators and valued-added service providers. We have been planning for this transition and are working on strategic deals that differentiate us from the competition and focusing on driving value based on utility and not speculation. In May we released our five-year Strategic Vision, which features new innovations for this new economy and centers around five pillars of profit:

1. **Transaction Processing:** the core business of the Strategic Vision is our Transaction Processing business model, which will propel the adoption of businesses building applications and contributing data onto a public, permission-less and scalable blockchain. At first, we intend to offer volume discounts to help grow this business through our mining application programming interface (M/API) service and build a massive and stable flow of transactions for processing. Revenue will be generated from fiat-based transaction fees.
2. **Pool Management:** we will use TAAL Orchestrator to manage a public mining pool so that Hash producers can contribute to building the Bitcoin SV (BSV) blockchain.
3. **Data Storage Solutions:** we will offer secure, easy and reliable storage, retrieval and management of blockchain data, featuring timestamping and data fingerprinting for audit and legal purposes.

4. **Blockchain Computing:** poised to become the most interesting space in the next decade, this capability will allow contracts to occur without a third-party executor via smart contracts and will allow for computation to be truly distributed.
5. **Blockchain Devices:** specialized hardware to maximize the efficiency of certain blockchain specific operations.

Recent Developments:

We have been improving our Blockchain Infrastructure and streamlining systems in preparation for scaling of operations. As part of this initiative, we intend to mark publicly all blocks written to the Bitcoin SV (BSV) blockchain, including our own as well as those of our clients under managed services agreements, as "TAAL" with each "Miner ID" signature. In a Proof-of-Work system, Hashrate is the key component of the security model of a public permission-less blockchain, such as Bitcoin SV (BSV), as it is indicative of the amount of capital spent on Blockchain Infrastructure to support the network. The amount of this capital investment and deployed resources acts as a strong deterrent against dishonesty in a decentralized system. Miner ID is another method implemented on Bitcoin SV (BSV) as a way for Transaction Processing operators to provide definitive proof of identify and build a reputation of trust among the public and clients. Signing all the blocks with a company's public key allows anyone to show proof of the blocks that a block builder creates on the blockchain, enhancing auditability and reporting. Miner ID is currently only implemented on the Bitcoin SV (BSV) platform.

We announced on April 2, 2020 that we had filed a patent application for a Hashing device (the "**Device**" --https://webfiles.thecse.com/sedar_filings/00036887/2004021816432817.pdf) with the United Kingdom patent office, an important step in realizing the Company's Strategic Vision and in leveraging the power of Blockchain Infrastructure technologies in applications for Transaction Processing for general computational tasks. Management believes that the Hashrate that is deployed in Blockchain Infrastructure, such as Digital Asset Mining facilities, can be leveraged for other complementary purposes, apart from generating blocks and securing the blockchain. This patent deals with the generation of a significant stream of high-quality random numbers which has, in the past, been cumbersome and expensive due to the need for random environmental inputs. These high-quality random numbers have multiple use-cases, including complex and advanced computational applications, such as artificial intelligence (AI) modelling scenarios within scientific, medical research and financial modeling simulations, which are in high demand. Using this method of generating random numbers, we believe we will be able to deliver an improved environment and random inputs to advanced users of computer-based simulations and AI systems. The patent's technology further supports our Strategic Vision for Blockchain Infrastructure and enterprise services, particularly in our view that Bitcoin SV (BSV) technology can be used for value-added applications outside of traditional transaction processing and payments use-cases.

As announced by the Bitcoin SV (BSV) node team on April 3, 2020, we also confirmed the release of our beta implementation of M/API (a miner API), which is expected to allow the public to send transactions directly to us for processing, query real-time transaction processing fee rates and confirm the status of a transaction. Such an implementation of M/API will allow for further growth and innovation of the Bitcoin SV (BSV) platform, as well as build the foundation for the SPV (simplified payment verification) overlay node network, whose Zero-Confirmation Transaction security is based on direct block builder

interaction. This in turn will allow for tighter integration of applications with Transaction Processing operators and for future fixed rate Transaction Processing in fiat currency. As part of this announcement, we made our beta M/API endpoints available to our partners and clients. This is part of an initiative that is under construction and explores the possibility of guaranteeing Zero-Confirmation Transactions, where Transaction Processing operators, like us can confirm through M/API if the funds have been spent and, if they have not, to potentially provide insurance against a double-spend.

In May, we surpassed an historic milestone with the processing of two successive unplanned record-breaking blocks. We confirmed the first block, a 309MB block containing 1,178,322 transactions, on May 12th—just a day after the BTC Halving, on the bitcoin mainnet. We confirmed the second block just four days later, breaking the first record by 60MB and containing 1,324,314 transactions. These record-breaking blocks serve to demonstrate the speed and scalability of the Bitcoin SV (BSV) network, and to offer proof of concept of transaction processing as a business model. These blocks were unplanned and were still confirmed, because of the limitless scalability and robust capabilities of the Bitcoin SV (BSV) blockchain. In the future, such large blocks will likely be confirmed in advance with professional Transaction Processing operations like TAAL, to ensure that they are processed, bringing further order and professionalism to the blockchain industry. The fee required to incentivize a Transaction Processor to act is a key economic principle that drives this business model. We are currently working on the beta version of our miner API or M/API (see below) to facilitate the smooth matching of confirmation clearing fee discovery. These early tests demonstrate the potential that Transaction Processing has on the Bitcoin SV (BSV) network.

Strategic Partnership:

On April 20, 2020 we announced a strategic licensing agreement with nChain effective as of April 20, 2020 for ten years to use key elements of its intellectual property patent portfolio (the **"IP Licensing Agreement"**).

The IP Licensing Agreement with nChain provides TAAL with non-exclusive access and rights over ten years to develop advanced blockchain transactional systems on top of nChain's existing granted, pending and future filed patent applications in the area of specialized blockchain transaction handling, processing, storage, retrieval and display. Further, this agreement opens the door for the Company to work even more closely with nChain to develop advanced Blockchain Infrastructure solutions that form the foundation of our Management's Strategic Vision to provide Transaction Processing services to address the increased growth in high volume transactions emerging from business and enterprise investment in blockchain solutions. Pursuant to the IP Licensing Agreement, the Company will pay nChain US\$1,000,000 in licensing fees over the first year of the agreement.

nChain's extensive portfolio of blockchain-related patents gives us a competitive advantage in the growing but nascent market of blockchain solutions. TAAL is committed to developing its Blockchain Infrastructure solutions on the Bitcoin SV (BSV) network and, accordingly, has licensed the portfolio for sole use on the Bitcoin SV (BSV) blockchain network.

nChain is a global leader in advisory, research, and development of open blockchain technologies. Established in 2015, the UK-based company is one of the most active developers of intellectual property and software in the blockchain and Digital Assets industry, with a focus on bringing to market enterprise-grade open blockchain solutions for global business. The nChain Group includes a blockchain research

and development center based in the U.K., which focuses on the original Satoshi Nakamoto blockchain protocol and designs that are embodied in the Bitcoin SV (BSV) platform. In addition to an expansive portfolio of patents, the nChain Group has further enhanced its leadership position in blockchain development through a recently completed acquisition of CREA, a blockchain development firm from Slovenia, establishing nChain as a powerhouse in terms of blockchain development and solutions. We see nChain and its portfolio as key to executing on some of our strategic objectives relating to expanding the use of Blockchain Infrastructure, Transaction Processing, and developing software solutions that leverage the blockchain to deliver innovative solutions to traditional and developing markets.

With this IP Licensing Agreement, we believe we have taken another important step toward assembling the necessary components to deliver novel and unique solutions in blockchain processing on the Bitcoin SV (BSV) platform, which we expect to become an important revenue stream as the impacts of the further Halving of Block Subsidies occurs again in 2024. This transaction is consistent with the Company's Strategic Vision to decouple its historical Digital Asset Mining operations from depending primarily on Block Subsidies that are impacted by the Halving. Instead, Management sees the future of Transaction Processing on the Bitcoin SV (BSV) blockchain as Transaction Fee and services based and is finalizing a 5-year Strategic Vision, which it expects to communicate to the market later in 2020.

On June 5, 2020, we announced the acquisition of a 20% stake in Codugh Pty, Ltd ("**Codugh**"), an Australian private company. The investment will further develop, launch, and scale a simple yet robust API marketplace that will allow developers to monetize their code. The marketplace, which allows consumers to browse and choose an API that suits their needs, works because the micropayments feature of the Bitcoin SV (BSV) blockchain facilitates payments to developers every time their API is called. The micropayments feature creates new revenue streams outside of Digital Assets, where Hashing Rig operators can process fees at a more granular level, and in the case of APIs on a per call basis. This helps clients avoid long-term contracts, while also allowing for the possibility of charging fees at fractions of a cent. In the past, such services would have had to be given away for free due to the costs associated with payment methods available from traditional financial institutions.

Strategic Appointments:

In the first quarter of the 2020 fiscal year, our Board of Directors (the “**Board**”) made several strategic changes to our executive team to better align it with the organization’s Strategic Vision. To this end, the Board announced the appointment of Jerry D. Chan to the position of President and Chief Executive Officer (“**CEO**”) and Satoshi Kitahama to the position of Chief Financial Officer (“**CFO**”). Messrs. Chan and Kitahama bring a wealth of expertise that together adds up to nearly fifty-years of experience in financial technology industries.

Mr. Chan holds a BAsC in Electrical Engineering from the University of Waterloo and is a fifteen-year veteran of Wall Street technology, having worked at Goldman Sachs and JPMorgan Technology in the FX, FICC, and Equities GSAT trading desks in both New York and Tokyo. He has expertise in financial systems, global markets, risk management and trading systems. Prior to joining us, Mr. Chan headed the Digital Asset Solutions department of SBI Group, a financial conglomerate in Japan which has a significant investment in the blockchain industry, and also worked as Regional Manager for the Bitcoin Association. Mr. Chan’s vision is that blockchain technologies will bring on a revolution to the existing financial and economic markets, kickstarting a new era of monetization of the Internet.

Mr. Kitahama holds an AB in East Asian Languages and Cultures with a concentration in Political Science and Economics from Columbia University in the City of New York. Mr. Kitahama’s finance career spans three continents, starting in New York with Wertheim Schroder & Co. in equity capital markets followed by a transfer to London and a transition through a variety of roles of increasing responsibility that included syndicate and leveraged capital markets, and structured, corporate and acquisition/leveraged finance with Merrill Lynch International, Deutsche Bank AG London and Credit Suisse First Boston (Europe) Limited. He took these skills with him to Tokyo, where he built and ran the specialty finance and M&A businesses at Shinsei Bank Ltd., which team he took with him to the Royal Bank of Scotland plc in Tokyo, where he headed the bank’s leveraged finance business across Asia. Prior to joining us, Mr. Kitahama was a principal in the investment advisory firm he helped found, focusing on financial technology businesses, which included advising Coinmint LLC on its security token offering.

These appointments are the first of several key appointments that we expect to announce as the executive team is built out to accommodate the leadership necessary to deliver against our Strategic Vision.

SELECTED QUARTERLY FINANCIAL INFORMATION

<i>(In CAD dollars, except percentages and per share amounts)</i>	For the three months ended March 31,	
	2020	2019
Revenue	\$ 5,968,504	\$ -
Adjusted EBITDA	\$ (16,138)	\$ (923,590)
Net loss	\$ (840,410)	\$ (1,031,777)
Basic and diluted loss per share	\$ (0.06)	\$ (0.08)
	March 31, 2020	December 31, 2019
Total assets	\$ 53,365,277	\$ 46,776,428
Total non-current financial liabilities	\$ -	\$ -

DISCUSSION OF OPERATIONS

The Company had increased revenues and net loss in the three months ended March 31, 2020 compared to the same period in 2019 as a result of activities related to Digital Asset Mining operations.

The Company generated \$4,212,525 in Digital Asset Mining revenue from its Digital Asset Mining operations in three months ended March 31, 2020, with Digital Asset Mining operations commencing on May 1, 2019. The site operating costs for the year were \$4,457,943, which represent the costs incurred in Hashing for the same operating period. The Company recorded \$155,146 in depreciation and amortization expenses related to its Hashing Equipment and Digital Asset Mining Pool management software. As this was the initial year of operations, no relevant comparative information is available.

The Company generated \$1,630,602 in fee revenue in the three months ended March 31, 2020 pursuant to the Management Services Agreement.

The Company generated \$125,377 in software licensing revenue during the three months ended March 31, 2020 through licensing TAAL Orchestrator, its proprietary Digital Asset Mining Pool management software, to third parties.

A substantial part of our operating expenses related to operating our Hashing Equipment at the sites of our Digital Asset Mining operations, which was \$4,613,089. Due to the Hashing Rigs' impairment in the 2019 fiscal year, depreciation and amortization expenses made up approximately 3% of our costs of revenues, which was \$155,146.

The Company continued to generate revenue from its planned operations and incurred a lower net loss of \$840,410 for the three months ended March 31, 2020 compared to a net loss of \$1,031,777 for the three months ended March 31, 2019.

Expenses for the three months ended March 31, 2020 were \$549,497 compared with expenses of \$981,287 for the three months ended March 31, 2019. The notable differences in expenses for the three months ended March 31, 2020 compared to three months ended March 31, 2019 included office and administration in the amount of \$197,116 compared to \$51,078, management fees, salaries and wages of \$651,470 compared to \$312,499, travel and entertainment of \$116,640 compared to \$58,485, and share-based payments of \$127,688 compared to \$57,000 respectively.

Loss on revaluation of Digital Assets as at March 31, 2020 of \$1,818,152 represented an adjustment to the value of Digital Assets held in inventory to the market value as at the reporting date.

The Company had a negative Adjusted EBITDA of \$16,138 for the three months ended March 31, 2020.

<i>(In CAD dollars)</i>	For the three months ended March 31,	
	2020	2019
Net loss	\$ (840,410)	\$ (1,031,777)
Interest income	(30,264)	(88,733)
Depreciation and amortization	155,146	-
EBITDA	(715,528)	(1,120,510)
Revaluation of digital assets	1,818,152	-
Gain on sale of digital assets	(141,985)	-
Share-based payments	127,688	57,000
(Gain) loss on foreign exchange	(1,104,465)	697
Share of loss on joint venture	-	135,362
Los on acquisition on joint venture	-	84,361
Gain on sale of marketable securities	-	(80,500)
Adjusted EBITDA	\$ (16,138)	\$ (923,590)

The following table summarizes the maximum number of common shares outstanding as at March 31, 2020, and as of the date of this MD&A, if all outstanding stock options and warrants were converted to common shares.

	As at March 31, 2020	As at the date of this MD&A
Common shares	13,822,998	23,079,761
Non-voting participating shares	2,279,215	2,279,215
Options to purchase common shares	500,000	525,000
Share purchase warrants	3,983,650	3,235,313

If all the Company's options and warrants were exercised as of the date of this MD&A, the Company would receive \$24,766,704 in total gross proceeds on those exercises. For further information and details concerning outstanding share data, options, and warrants, refer to the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020.

SELECTED QUARTERLY FINANCIAL INFORMATION

<i>(All amounts in 000's, except per share figures)</i>	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Oct 31	Jul 31
	2020	2019	2019	2019	2019	2018	2018	2018
	Q1	Q4	Q3	Q2	Q1	Two months	Q4	Q3
Revenue	\$ 5,969	\$ 5,460	\$ 7,381	\$ 4,305	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(840)	(10,047)	(636)	(790)	(1,032)	(1,194)	(5,746)	(1,672)
Basic and diluted loss per share	(0.06)	(0.79)	(0.05)	(0.06)	(0.08)	(0.10)	(0.50)	(0.10)
Site operating costs	(4,458)	(4,484)	(4,038)	(3,219)	-	-	-	-

We have omitted discussions of 2019 results where it would be redundant to the discussion previously included in the MD&A of our 2019 annual financial statements. Moreover, with the change in our business in 2019, and addition of new businesses to support those initiatives, our business revenue lines are not comparable with previous results. We began Digital Asset Mining operations in May 2019, which accounts for the revenue beginning in Q2 2019.

Monthly variation in revenue is due in large part to seasonal changes in the cost of electricity, which results from fluctuation in hydroelectric generation based on the quantity of water available during the wet (summer) and dry (winter) seasons in Asia, and from market price changes in the Digital Assets that were produced from the operations. TAAL does not hold significant positions in our Digital Assets produced, and typically spot liquidates Digital Assets produced. As a result, we neither materially benefit nor suffer any material loss from holding a position; however, we also believe that we may find opportunities that may come from better management of our Digital Assets. To this end, we may explore some treasury controls and portfolio management plans. In the future, we hope to enter better hedging and structured trades to ensure stability from our Blockchain Infrastructure management operations as well as focusing more on stable transaction processing fees and value-added services businesses, which will result in fiat currency cashflow and less exposure to capital market price fluctuations.

NON-IFRS FINANCIAL MEASURES

This MD&A presents certain non-IFRS financial measures to assist readers in understanding the Company's performance. These non-IFRS measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management uses these non-IFRS measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under IFRS.

- **"EBITDA"** (Earnings before Interest, Taxes, Depreciation, and Amortization). EBITDA represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.
- **"Adjusted EBITDA"** represents EBITDA adjusted to exclude share-based payments, fair value loss or gain on re-measurement of Digital Assets, gain (loss) on foreign exchange, and costs associated with one-time transactions.
- **"Digital Asset Mining Profit"** represents gross profit (revenue less cost of revenue), excluding depreciation from Digital Asset Mining operations (vs. Transaction Processing profit).
- **"Digital Asset Mining Profit Margin"** – represents Mining Profit as a percentage of revenue. Digital Asset Mining Profit and Digital Asset Mining Profit Margin show the cash expenses against the revenue without the impact of non-cash accounting policies such as depreciation.

FINANCIAL CONDITION

Off-Balance Sheet Arrangements

The Company is not committed to any off-balance sheet arrangements.

Key Management Compensation

The Company considers its executive officers and directors to be key management. The Company incurred management and directors fees, salaries and wages, professional fees and share-based payments totaling \$471,068 for the three months ended March 31, 2020 compared to \$329,659 for the period ended March 31, 2019 in respect of services provided to the Company.

Transaction with Related Parties

During the three months ended March 31, 2020, the Company was charged \$38,537 in software development services by nChain's subsidiary in connection with the further development of the Company's proprietary Digital Asset Mining Pool management software, TAAL Orchestrator. Stefan Matthews, Chairman of the Board, is also the Chairman of nChain. The Company has an ongoing agreement for services with nChain's subsidiary on an as needed basis. These arrangements were made on terms equivalent to those that prevail in arm's length transactions. Mr. Matthews did not participate in the Board decision to engage nChain's subsidiary. nChain and its subsidiary are not considered "related parties" of the Company for purposes of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* ("MI 61-101").

In connection with the acquisition of Freschette, we issued an unsecured convertible debenture for \$24,148,077.01 accruing interest at 15% *per annum* to Mr. Ayre. During the three months ended March 31, 2020, the convertible debenture became exercisable at the option of Mr. Ayre. Subsequent to exercising his conversion right under debenture, Mr. Ayre beneficially owned 10,419,263 common shares of TAAL, representing approximately 45% of the then issued and outstanding common shares as well as 2,279,215 non-voting participating shares. Mr. Ayre maintains a controlling interest in CoinGeek. The Company earned \$1,013,879 in fleet management services and \$70,862 in software licensing revenue for the three months ended March 31, 2020 from CoinGeek.

As at March 31, 2020 the Company had \$471,552 in trade receivables from CoinGeek. The Company had \$20,690,025 payable to a related party of CoinGeek in association with the terminated acquisition.

On March 10, 2020 the Company acquired certain Hashing Equipment at a fair value of \$5,556,170 by issuing 2,279,215 non-voting participating shares of the Company to Mr. Ayre

Liquidity and Capital Resources

At present, as a result of the Freschette Transaction, the Company's income generating operations consist primarily of Digital Asset Mining operations. The Company's financial success and continuation as a going concern will be dependent on, among other things, the extent to which it can successfully maintain and optimize profitable operations and generate funds therefrom and develop new income streams from management services, software licensing, specialized blockchain services, Transaction

Processing services, blockchain data storage services and/or raise equity capital or borrowings sufficient to meet current and future obligations. No assurance can be provided that any future equity or debt capital raises would be successful, or available to us on favorable terms.

The Company had working capital of \$17,174,288 as at March 31, 2020.

In the first quarter of fiscal year 2020, we made capital expenditures that related to hardware purchases, including component and system upgrades and enhancement for Hashing Rigs, and office computer equipment for employees that totaled \$4,811,754. In the near future, we expect to see an increase in expenditures as we expand our talent pool with senior appointments, including the strategic appointments detailed above, as well as key technical appointments. In certain circumstances, however, we may be required, for sound business reasons, to reallocate funds. Pending such use, the Company intends to invest the available funds in short-term, investment grade, interest-bearing securities and other marketable securities.

For the three months ended March 31, 2020 net cash provided by operating activities was \$2,185,993, which does not include the Digital Assets obtained through Digital Asset Mining operations, but not converted to cash. For the three months ended March 31, 2020, cash used in investing activities was \$4,881,612 and was used to acquire components and systems to upgrade and enhance the Hashing Equipment.

As at March 31, 2020, the Company had current assets of \$40,471,884 consisting primarily of cash and cash equivalents of \$13,191,533, accounts receivable of \$471,587, Digital Assets of \$3,736,659, prepaid expenses and other current assets of \$2,081,568 and receivable for terminated acquisition of \$20,690,025.

As a result of the Freschette Transaction, the Company began to generate Digital Assets related revenue in 2019. This may change over time and Management will make the appropriate operational decisions to ensure that computing power adapts and is allocated based on current market conditions and the overarching Strategic Vision of the Company. As a general policy, revenues generated over and above the cash operating expenses to maintain the Digital Asset Mining operations may be invested in other SHA-256 derived Digital Assets at the discretion of the Management and/or the Board.

Since June 1, 2019 the Company has also generated income from the Orchestrator License Agreement. The Company entered into the Management Services Agreement effective November 8, 2019 pursuant to which it expects to earn recurring income. Management of the Company is actively seeking additional opportunities to license TAAL Orchestrator and provide management services to third parties in enterprise scale Blockchain Infrastructure operations.

The Company may require additional capital to maintain operations if its operations continue to be unable to produce positive cash flow. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions, the market and demand for Digital Assets as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of common shares from its treasury, control of the Company may change, and existing shareholders will suffer additional dilution.

Risks & Uncertainties

An investment in securities of the Company involves a high degree of risk, should be considered highly speculative due to the nature of the Company's business and should only be made by persons who can afford the risk of loss of their entire investment. The Company's risk exposures and the impact of the Company's financial instruments are summarized below.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company settles its revenue and incurs expenses in US dollars and therefore the fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of equity.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its accounts payable. The accounts payable are not subject to any interest. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of the short-term nature of the investments.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to any significant price risks with respect to its financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents, trade and other receivables. Cash and cash equivalents are maintained with highly rated financial institutions and may be redeemed upon demand. The company is exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance because of its dependence on one customer. All accounts receivable balances are expected to be settled in full when due and because of the nature of the customer.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount if these financial assets as recorded in the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the Company's cash flow projections. If future cash flows are fairly uncertain, liquidity risk increases. The Company manages liquidity risk through the management of its capital structure. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are held in corporate bank accounts available on demand.

Halving risk

In May 2020, the bitcoin daily reward halved to 6.25 bitcoin per block mined, or approximately 900 bitcoin per day in aggregate. At the reward level of 6.25 coins, this halving may have a potential adverse impact on the Company's profitability. It is unlikely that the network difficulty rate and price would remain at current levels when the bitcoin rewards per block are halved, given the historical data on bitcoin prices and network difficulty rate after a halving effect. The Company believes that the halving of the Block Subsidy will be offset by other market fundamentals including network difficulty rate and price of bitcoin which may offset the impact of halving sufficiently for the Company to maintain its profitability. Management notes there is a risk the halving will have adverse impacts on the profitability of blockchain mining and render the Company unprofitable.

Risk of not realizing the benefits of forks

Although no group or individual controls the source code to a blockchain network, if enough participants in the network representing a significant majority of the Hash rate were to agree on certain modifications, those changes could be implemented and the blockchain network would then be subject to those new protocols and modified software. If, however, less than a significant majority consent by downloading the altered software or upgrading and implementing the changes to the software, then, two networks will emerge: one represented by the pre-modification source code, and the other a new network using the modified source code. This division is described as a "fork" in the network, so-called because the modification will result in two incompatible "prongs."

The Company may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect its value. If the Company holds a digital asset that splits into two assets, industry standards would dictate that the Company would be expected to hold an equivalent amount of the old and new assets following the fork. However, the Company may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons, such as risks related to custody of new assets or the holdings in the old assets, or that the costs of taking possession and/or maintaining ownership of the new digital asset exceed the benefits of owning it. Additionally, laws, regulation or other factors may prevent us from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

Pandemic risk

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impact on global commerce are anticipated to be far reaching. To date there have been significant stock market declines and the movement of people and goods worldwide has become restricted. Management is actively monitoring the situation and is taking appropriate steps as needed to ensure minimal disruption to the Company's operations. There is a risk the COVID-19 pandemic will disrupt the Company's operations and the movement of hardware as well as its investments generally.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The Company has prepared the financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's unaudited condensed interim consolidated financial statements as at and for the period ended March 31, 2020.

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

The Company's significant accounting policies, judgements, and estimated are detailed in Note 3 to the unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2020 and include: digital assets, asset acquisition, intangible assets, equipment, functional currency translation, revenue from contracts with customers, basic and diluted loss per share, share capital, share-based payments, and share-based payments for asset acquisition.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.